Message Text

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DRAFTED BY CEA:JRSHAFER APPROVED BY CEA:CHARLES L. SCHULTZE S/S-O:RCASTRODALE

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O 270139Z JUN 78 FM SECSTATE WASHDC TO AMEMBASSY BONN IMMEDIATE

SECRETSTATE 162853

EXDIS, FOR AMBASSADOR OWEN

E.O. 11652: GDS

TAGS: PFOR, ENRG, US, GW

SUBJECT: CEA CHAIRMAN SCHULTZE'S MEETING WITH COUNT LAMBSDORFF 6/26/78

- 1. CEA CHAIRMAN SCHULTZE WISHES TO HAVE THE FOLLOWING MESSAGE PASSED TO AMBASSADOR HENRY OWEN.
- 2. I MET WITH LAMBSDORFF ON JUNE 26. MUCH OF OUR DISCUSSION FOCUSED ON THE SUMMIT.

HE INDICATED THAT THE GERMANS CLEARLY SEE OUR ENERGY ACTION AND THEIR GROWTH ACTION AS PARTS OF A DEAL. HE SAID THE GERMAN NEGOTIATING POSITION WILL NOT BE SET UNTIL AFTER BREMEN AND HE SAW THE BONN SUMMIT ITSELF AS THE PLACE THE NEGOTIATION WOULD TAKE PLACE. WHEN BRIEFLY APART FROM OTHER MEMBERS OF HIS GROUP, HE FORECAST THAT SCHMIDT WOULD AGREE TO A PACKAGE OF DM 10 BILLION TO DM 12 BILLION (DM 12 BILLION WOULD BE ONE PERCENT OF GNP). SECRET

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CLEARLY WE SHOULD CONTINUE TO SIGNAL OUR VIEW THAT ACTION ON THE ORDER OF ONE PERCENT IS NEEDED AND BE PREPARED TO SEE THE DISCUSSIONS GO DOWN TO THE WIRE.

LAMBSDORFF INDICATED THAT U.S. ENERGY ACTION ALONG THE LINES WE HAVE BEEN PROPOSING WAS NEEDED TO GET GERMAN ACTION ON GROWTH. HE WAS VERY CONCERNED ABOUT U.S. INFLA-

TION BUT DID NOT ASK US TO CONSIDER ADDITIONAL ACTION. HE WAS CLEARLY APPREHENSIVE OVER THE PRESIDENT'S ABILITY TO DELIVER ON ANY COMMITMENT HE MAKES. IN THIS CONNECTION HE QUESTIONED ME CLOSELY ON THE ABILITY OF CONGRESS TO PREVENT FEES ON QUOTAS. HE ALSO REPORTED SAUDI VIEWS GIVEN TO GERMAN REPRESENTATIVES THAT AN IMPORT FEE WAS UNACCEPTABLE AND LEGISLATION WAS PREFERRED. WE SHOULD CONTINUE TO STRESS THE IMPORTANCE OF HAVING A GOOD INTERNATIONAL PACKAGE IN ORDER FOR US TO SUCCEED IN IMPLEMENTING ENERGY MEASURES. AT THE SAME TIME, WE MUST REASSURE THE GERMANS THAT THE PRESIDENT WILL BE ABLE TO DELIVER ON HIS COMMITMENT IN A PACKAGE DEAL. (I STRESS AGAIN LAMBSDORFF'S CONCERN OVER OUR ABILITY TO DELIVER.)

LAMBSDORFF WAS CONCERNED THAT EUROPEAN DISCUSSION OF MONETARY ARRANGEMENTS NOT BE OR BE PERCEIVED TO BE ANTI-U.S. HE DOES NOT SEE A PROGRAM EMERGING AT BREMEN GOING BEYOND GENERAL PRINCIPLES AND THE COMMISSIONING OF A STUDY. THUS, THE PRESIDENT SHOULD NOT FACE A DISCUSSION OF ANY PROPOSALS IN BONN. NEVERTHELESS, YOU SHOULD WORK TO MINIMIZE THE POSSIBILITY THAT A GENERAL DISCUSSION OF THESE ISSUES BE USED AS A SMOKESCREEN AT THE SUMMIT.

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